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Report of the Task Force on International Merchandise Trade Statistics**

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-sixth session,*** the Secretary-General has the honour to transmit herewith to the Commission, for informational purposes, the report of the Task Force on International Merchandise Trade Statistics. The Commission is requested to take note of the work of the Task Force, in particular its endorsement of the provisional draft of the fourth revision of the Standard International Trade Classification.

* E/CN.3/2006/1.

** Prepared by the World Trade Organization (convener). In 2003, the Task Force on International Trade Statistics decided to change its name to Task Force on International Merchandise Trade Statistics to distinguish itself from the inter-agency Task Force on Statistics of International Trade in Services convened by the Organization for Economic Cooperation and Development (OECD).

*** *Official Records of the Economic and Social Council, 2005, Supplement No. 4* (E/2005/24), chap. VII, para. 6 (a).

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Report of the Task Force on International Merchandise Trade Statistics

I. Follow-up to action taken by the Commission

1. The Statistical Commission addressed issues of international merchandise trade statistics at its thirty-fourth and thirty-fifth sessions.

2. At its thirty-fourth session, the Commission endorsed the plans of the Task Force on International Merchandise Trade Statistics to develop a Manual on Export and Import Price Indices, under the aegis of the International Monetary Fund (IMF).[1] This Manual is being prepared by a Technical Expert Group within the Intersecretariat Working Group on Price Statistics. At the time of the writing of the present report, 13 draft chapters had been prepared and were available for comments on an IMF electronic forum. IMF informed the Task Force that the final draft was planned for completion by the end of 2005. While the electronic forum provides the possibility for all to comment on the Manual, on an individual basis, the Task Force is aiming to organize adequate outreach activities in order to actively involve national experts. IMF is looking into the possibility of funding an expert meeting. (See the annex to this report for a summary of the activities of the Task Force, both completed and ongoing.)

3. At its thirty-fifth session, the Statistical Commission had approved the Task Force's recommendation to prepare a fourth revision of the Standard International Trade Classification (SITC),[2] which should take into account the accumulated revisions in the Harmonized Commodity Description and Coding System (HS), since the implementation of the third revision of SITC.[3] The United Nations Statistics Division prepared a provisional draft of SITC, Rev.4, which was reviewed and endorsed by the Task Force. It recommends SITC, Rev.4, for use in the analysis of international merchandise trade by interested countries and international organizations. The provisional draft of SITC, Rev.4, is available as a room paper under the same title.

II. Other activities undertaken since the thirty-fourth session of the Commission

A. Methodology

4. *International Merchandise Trade Statistics: Compilers Manual* (Compilers Manual)[4] was released in 2004. The Task Force had contributed to the preparation of this companion document to the second revision of *International Merchandise Trade Statistics: Concepts and Definitions*,[5] published in 1998. A supplement to the *Compilers Manual*, providing additional guidance and clarification on issues of common concern, is planned for 2007. Topics to be treated in this publication are currently under discussion.

5. The Task Force has also been closely following the revision process of the fifth edition of the *Balance of Payments Manual*,[6] focusing on chapter 9 (Goods and Services Account). A common position had been expressed to IMF in favour of *Balance of Payments Manual* guidelines' remaining as consistent as possible with

those of the second revision of *International Merchandise Trade Statistics: Concepts and Definitions* concerning the gross recording of goods for processing, inclusion of re-exports (with separate identification), and the treatment of merchanting. The Task Force reinforced its position in a second joint paper to IMF in June 2005, highlighting important implications of a changed treatment of goods for processing on both data collection and data analysis.

6. *Statistical Territories of the World for Use in International Merchandise Trade Statistics*[7] is available as a publication and also online through the Internet. The Statistics Division will update the publication once sufficient new or modified information becomes available (for example, on customs unions). To that end, the Statistics Division has included questions on the statistical territory in its methodological questionnaires that serve to update countries' national compilation and dissemination practices.

7. The Task Force also discussed the harmonization of geo-nomenclatures and country groupings for economic and geographical zones between organizations. The 2004 European Union (EU) enlargement stimulated useful exchanges of information but full harmonization was considered difficult. It appears more easily achievable to agree on unique denominations for identical country groups of various organizations. As such harmonization would impact various statistical domains, the Task Force is of the opinion that this should be dealt with at a higher level.

B. Databases on international trade: international data production and dissemination

8. The objective of the Task Force is centred on the improvement of the efficiency, quality and consistency of international data production and dissemination, while reducing the national authorities' response burden and avoiding duplication of work in international organizations.

9. Through well-functioning cooperation among organizations, considerable results have been achieved in recent years. They can be grouped as follows:

- Participation of all international organizations in the improvement of the United Nations Commodity Trade Statistics Database (UN Comtrade), as a central repository of international merchandise trade statistics, in particular the data-sharing arrangement between the Organization for Economic Cooperation and Development (OECD) and the United Nations Statistics Division for detailed trade data and the recent Joint United Nations/OECD System for collection and processing of international merchandise trade statistics (see E/CN.3/2006/24).
- Development of the inter-agency Common Data Set (CDS) on total merchandise exports and imports by country.
- Improvement in data dissemination tools and formats.
- Improvement in related metadata and data quality.

UN Comtrade

10. The international community needs easy access to timely trade data. Using UN Comtrade as a single repository for such data therefore produces certain

repercussions in the case of non-availability of those data or late reporting. Through joint statements, international organizations have highlighted this on several occasions.

11. To improve the coverage, the discussions of the Task Force advanced a number of initiatives which can be summarized as follows:

- Pursuant to the OECD/Statistics Division memorandum of understanding on shared data collection and, more recently, on joint data processing, OECD now shares detailed merchandise trade data for all its member countries with the Statistics Division and both organizations are engaged in the joint processing of those data (see E/CN.3/2006/24).
- As is the case for virtually all other international organizations, the UN Comtrade series for the EU aggregate are sourced directly from Eurostat.
- The regional commissions and other organizations, such as the Food and Agriculture Organization of the United Nations (FAO), contribute to the collection of annual trade data files.
- In addition, technical cooperation activities organized by the Statistics Division and also the Statistical Office of the European Communities (Eurostat) have considerably helped to improve country coverage, especially for African countries over the last three years.

The Common Data Set

12. The Common Data Set (CDS) on total merchandise exports and imports by country, developed through a joint data ownership with shared responsibilities, was launched in 2001. Since then, the organizations have agreed on each organization's responsibilities for data collection and provision, and have compiled the data set for all countries. The World Trade Organization acted as a clearing house and organized the reconciliation of the data among different participating organizations. Statistical metadata were added and the Common Data Set now comprises reconciled data from 1995 to 2004.

13. While the reconciliation exercise will be a continuing effort, the Task Force decided that the data could now be disseminated through its website. The Common Data Set is presented according to two layers displaying, on the one hand, officially reported data and, on the other hand, adjusted and estimated data. The modus operandi for maintaining the Common Data Set will be made available on the Internet to provide users with the necessary transparency on the production of the Data Set. As a first step, it will be disseminated in the form of downloadable excel worksheets until a specific database application is developed for this purpose.

14. A noteworthy development along with the progress of the Common Data Set concerns Statistics Division databases. Apart from UN Comtrade, the Statistics Division also maintains a series on total merchandise exports and imports within its *Monthly Bulletin of Statistics* database, which are sourced from the IMF *International Financial Statistics* and national publications. The fact that annual totals may differ between the two Statistics Division databases creates confusion for users. The Statistics Division is planning to align the databases for purposes of consistency, taking into account ongoing cooperation with OECD and collaboration

within the Common Data Set project, in which the Statistics Division is responsible for some 64 countries or areas.

Data dissemination tools and formats

15. International organizations have substantially improved their online dissemination systems over the last years. Examples include the UN Comtrade Internet version, and online analytical tools developed by the World Bank and the International Trade Centre (ITC). Other organizations such as FAO, OECD and the World Trade Organization revamped their statistics gateways to implement new online database applications.

16. Considerable results have also been achieved on adding value to the dissemination of trade statistics by combining them with other analytically useful information, in the form of trade indicators. The World Trade Organization is now disseminating trade profiles of economies combining trade flows with trade policy information sourced from within the World Trade Organization and other organizations; and OECD has developed a prototype on trade indicators (trade plus production, employment, investment, etc.) linking standardized information from various OECD databases to trade data.

17. On the technical side, the Statistics Division developed web services for data transfers by applying Statistical Data and Metadata Exchange (SDMX) standards. The United Nations/Economic Commission for Latin America and the Caribbean (ECLAC), for example, developed an online interface that allows users to define and save queries for which processing is then carried out in the background on the UN Comtrade server. Other organizations, such as the World Bank, copy the whole database to input it into their own applications. The World Trade Organization downloads data on its server and uses specific processing tools for the preparation of its annual trade statistics.

Statistical metadata and data quality

18. In the context of these developments, combined with ever-increasing data sharing and processing agreements, the Task Force felt the need to address the organizations' data dissemination policies and data quality frameworks. The implementation of common standard metadata structures has been identified as an important objective. Useful exchanges of information took place within the Task Force on the organizations' practices with respect to data quality and metadata management.

19. IMF informed the Task Force of the implementation and use of its Data Quality Assessment Framework (DQAF) as a tool for surveillance and technical assistance, and for structuring metadata for IMF dissemination standards (the General Data Dissemination System (GDDS) and the Special Data Dissemination Standard (SDDS)). The Statistics Division is investigating possible linkage of DQAF with its questionnaire on countries' compliance with the second revision of *International Merchandise Trade Statistics: Concepts and Definitions*. OECD reported on its positive experiences in implementing a Quality Framework that included reviews of its services by peers, producers and users, and stressed the importance of metadata within this Framework. OECD also presented its MetaStore, a system designed to process metadata along with their data quality framework, which should be applied to all OECD statistical domains. The Task Force members

expressed their interest in this metadata management system and are exploring the adaptation of this system in their environments. For example, IMF is evaluating whether the MetaStore computer system could fully accommodate its DQAF/dissemination standards metadata model.

20. Finally, an important achievement concerning statistical metadata was the release, in 2005, of the results of the Statistics Division survey on *National Practices in Compilation and Dissemination of External Trade Index Numbers: A Technical Report*.[8]

C. Technical assistance

21. The Task Force website will include information on technical assistance activities and link up with the organizations' websites on the issue. Technical assistance activities include, among others, a regional workshop on the *Compilers Manual* organized by the Statistics Division and the provision by Eurostat of technical assistance in the framework of EU enlargement, the EU-Mediterranean agreement, the Cotonou agreement and regional cooperation agreements such as the Common Market for Eastern and Southern Africa and l'Union Économique et Monétaire Ouest Africaine. It was agreed that the Statistics Division should coordinate technical assistance in trade statistics focusing on methodology and implementation.

22. A new approach to regional workshops that proved successful for improving the quality and availability of trade statistics has been to link the United Nations Conference on Trade and Development (UNCTAD) Automated System for Customs Data (ASYCUDA), the Eurostat Eurotrace and Statistics Division expertise on concepts and definitions, and to implement this approach with national experts from both national statistical authorities and customs organizations. This kind of regional workshop set-up will continue in the future.

D. The Task Force website

23. To enhance transparency and improve outreach, the Task Force, at its 2005 meeting held in Bangkok, decided to create a website of its own. The website will not only host the Common Data Set, but also serve as an entry portal to Task Force member organizations' merchandise trade databases and to existing methodological publications containing applicable concepts, definitions and classifications.

III. New issues and related future activities

24. The intensifying globalization of the world economy, changing commercial and administrative practices associated with international flows of goods, and revision of related statistical frameworks, such as the System of National Accounts, the Balance of Payments Manual and the Manual on Statistics of International Trade in Services, have repercussions on international merchandise trade statistics. The Task Force is considering them in terms of general methodology and recommended data compilation practices. The new issues include the linkage of trade and business registers, reviewing data-collection procedures for a number of goods categories

(for example, goods for processing), developing further recommendations for data collection in cases where customs records do not exist or are not adequate for statistical purposes, the measurement of intra-trade in regional trade agreements, or of intra-firm trade (multinational enterprises), etc.

25. The individual members of the Task Force, as well as the Task Force as a whole, took note of those new developments and initiated, or plan to initiate, forward-looking activities in the following areas:

- *Reconciliation of balance-of-payments and foreign trade statistics.* Eurostat published a study entitled *Differences between Balance of Payments and Foreign Trade Statistics*.[9] This helps to better focus on the conceptual differences in those two statistical systems and their reflection in compiled data.

- *Structural business and trade statistics.* OECD, at its Sixth International Trade Statistics Expert Meeting, held in Paris from 12 to 14 September 2005, examined the linkages between the two statistical systems to derive new statistical products, such as indicators combining trade statistics with enterprise-related criteria (for example, by size class) and estimates of intra-firm trade.

- *Review of country compilation and reporting practices.* In 2006, the Statistics Division will conduct a comprehensive review of country practices in compilation and reporting of international merchandise trade statistics in order to assess their compliance with the current recommendations of the Statistical Commission. The results of this review, together with the analysis of developments described in paragraph 24 above, will allow the Statistics Division and the Task Force to evaluate the scope of the necessary revisions to the existing recommendations. A corresponding action plan will be developed and submitted to the Commission at its thirty-ninth session (March 2008).

Notes

[1] *Official Records of the Economic and Social Council, 2003, Supplement No. 4* (E/2003/24), chap. III, para. 12 (b) and (c).

[2] Ibid., *2004, Supplement No. 4* (E/2004/24 and Corr.1), chap. V, para 4 (i).

[3] Statistical Papers, No. 34/Rev.3 (United Nations publication, Sales No. E.86.XVII.12 and Corr.1 and 2).

[4] United Nations publication, Sales No. E.02.XVII.17.

[5] Studies in Methods, No. 52, Rev.2 (United Nations publication, Sales No. E.98.XVII.16).

[6] Washington, D.C., IMF, 1993.

[7] Studies in Methods, No. 30, Rev.3 (United Nations publication, Sales No. E.01.XVII.8).

[8] Statistical Papers, No. 86 (United Nations publication, Sales No. E.04.XVII.10).

[9] Luxembourg, European Communities, 2004.

Annex

Summary of the activities of the Task Force on International Merchandise Trade Statistics (completed and ongoing) during the three-year period under review

Achievements

Activity	Completed
• Publication of *International Merchandise Trade Statistics: Compilers Manual*	2004
• Publication of *National Practices in Compilation and Dissemination of External Trade Index Numbers: A Technical Report*	2005

Ongoing activities

Activity	Envisaged completion
Methodology	
• Production of a supplement to the Compilers Manual	2007
• Follow-up/feedback on revision of the Balance of Payments Manual and the System of National Accounts	Ongoing
• Organization of outreach activities on the *Manual on Export and Import Price Indices*	End-2006
• Updating of *Statistical Territories of the World for Use in International Merchandise Trade Statistics*	Ongoing
Classifications	
• Preparation of the Standard International Trade Classification, Rev.4	2006
Databases on international trade	
• Improvement of UN Comtrade database (for example, OECD/Statistics Division cooperation)	2006
• Dissemination of the Common Data Set	Early 2006
Other	
• Public release of the Task Force website	Early 2006
• Technical assistance activities	Ongoing